

## **ON TRACK WITH MDT**

The condition of Montana's general fund seems to be the hot topic these days, with folks talking about budget issues in the newspaper, on TV, in the coffee shop – pretty much everywhere you turn. MDT is no exception.

With the recent special legislative session and the much-talked about fund transfer from the Highway State Special Revenue Account (HSSRA), we, too, have been discussing budget concerns and the steps we can take to ensure a lean, efficient operation. Yes, the HSSRA was sound enough to withstand a \$12.5 million fund transfer during the special legislative session. To be precise, the legislature reverted a total of \$5.7 million in general fund dollars that were directed to the HSSRA from House Bill 124 (the Big Bill) in the 2001 session. In addition, another \$6.5 million was transferred from the HSSRA account to fund the motor vehicle division. The decision by the legislature was difficult and is underscored by the fact that the House killed a measure that would have transferred over \$8 million in highway funds. While the excess fund balance in the HSSRA was able to handle this transfer without reduction in MDT programs, any future fund diversions would have dire consequences for both the HSSRA and our highway construction program.

Without any additional fund diversions, however, the situation remains positive. We have just completed our 2004-05 budget proposal, and it shows a balance of approximately \$8 million in the HSSRA on June 30, 2005. This figure is based on a state match of approximately \$13 for every \$87 of Federal-aid money we receive and on a projected annual Federal-aid allocation of \$325 million. (Montana's current allocation is \$285 million, with the program up for renewal in federal fiscal year 2003.)

If our Federal-aid allocation comes in at less than \$325 million a year, the HSSRA balance will be higher, as Montana will have to commit fewer funds in matching dollars. Similarly, if our Federal-aid allocation turns out to be more than \$325 million a year, the HSSRA balance will be lower than projected, as more dollars will go toward matching our increased federal allocation. The important unknown question that remains, and will remain throughout the 2003 legislative session, is what the amount of Montana's Federal-aid program will be in the next highway reauthorization bill. That bill is not expected to emerge from Congress until the fall of 2003. Regardless of what happens with the Federal-aid program, I assure you that MDT is committed to maintaining our construction program.

Even so, challenging times lie ahead. As the newspapers tell us, Montana is facing a projected shortfall of \$200-\$250 million during the next biennium, a shortfall that our legislators are going to have to address during the 2003 legislative session. In these challenging times, it is important to understand that the legislative fund transfer was from an excess fund balance in the HSSRA and does not require MDT to reduce operations or cut projects. Furthermore, as already discussed, MDT will not have to ask for any tax increases in the 2003 legislative session. Finally, MDT is committed to assuring the taxpayers of Montana that we are running the department in the most efficient manner

possible and providing the greatest value to 1) the citizens who travel our state's highways, and 2) the people who rely on the highway system and its construction projects for their economic livelihood.

A key component of making that commitment is acknowledging that there are times when Montana's public, our customers, may see things that are hard to understand and that MDT management may or may not be aware of, especially when such practices impart the impression that we really don't care about cost savings. I want that to change. Therefore, if you see something that does not make sense, please write or email us. Answers to your questions will be posted on MDT's web site and may be used for future *On Track with MDT* articles. Taking the time to ask questions will not only call attention to practices that may need to be changed, but will also benefit you and help you understand the issues we are trying to address. Together, we can improve service delivery to Montana's transportation users and stay "on track with MDT" during the state's budget crisis.

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